

**IN THE MISSOURI DEPARTMENT OF INSURANCE,  
FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION**

<b>In Re: RELIANCE STANDARD LIFE</b>	)	
<b>INSURANCE COMPANY</b>	)	
<b>SERFF TRACKING NUMBER</b>	)	<b>Case No. 140904649C</b>
<b>RSLI-129688209</b>	)	

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of Reliance Standard Life Insurance Company, SERFF Tracking Number RSLI-129688209, specifically Forms LRS-9499-0913 (A) (MO) and LRS-9500-0913 (A) (MO), the Deputy Director DISAPPROVES said forms for the reasons stated below.

**FINDINGS OF FACT**

1. John M. Huff is the Director of the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri ("Director" of the "Department").
2. Reliance Standard Life Insurance Company ("Reliance"), NAIC Number 68381, is a foreign life and health insurance company organized pursuant to the laws of the state of Illinois and transacting insurance business in this state pursuant to a Certificate of Authority issued by the Director.
3. Pursuant to §376.405,<sup>1</sup> insurance companies licensed to transact business in this state may not deliver or issue for delivery in this state a policy of group accident or group health insurance unless the form has been approved.
4. The Division of Market Regulation (the "Division") is designated pursuant to §374.075 with the review of forms that are filed by insurance companies.
5. EXL, LLC, on behalf of Reliance, filed forms with the Director via the System for Electronic Rate and Form Filing ("SERFF") on August 20, 2014. The SERFF Tracking Number is RSLI-129688209 ("Filing").
6. The Filing contains, in pertinent part, forms LRS-9499-0913 (A) (MO), identified as the Limited Benefit Policy ("Group Policy") and LRS-9500-0913 (A) (MO), identified as the Limited Benefit Certificate ("Certificate").
7. Brackets ( [ ... ] ) within a form reviewed by the Division indicate that the language within the brackets may be included or excluded from the policy form, or the brackets may indicate a numeric range.

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<sup>1</sup> All statutory citations are to RSMo (Supp. 2013).

8. On August 28, 2014, Reliance amended the Filing and replaced the Group Policy and Certificate with amended forms. The amended forms are the subject of this Order.
9. Reliance filed the policy within SERFF as a Group Health-Blanket Accident/Sickness policy.
10. On page 8 of the Group Policy and Certificate under the section titled Premiums and the subsection titled Grace Period, the forms state:

The Contract Holder has a 31-day grace period after each ensuing premium due date once the first premium has been paid. If a subsequent premium is not paid by the end of the grace period, coverage will end as of the premium due date. During the grace period the policy will continue in force and valid claims will be paid. The Contract Holder will still owe us all premiums then due, including any premium due for the grace period or for any part of the grace period through which claims were paid.

11. On page 9 of the Group Policy and Certificate under the section titled Claim Provisions and the subsection titled Proof of Loss, the forms state:

Written proof of loss must be given to us within 90 days after the loss begins. We will not deny nor reduce any claim if it was not reasonably possible to give proof of loss in the time required. In any event, proof must be given to us within 1 year after it is due, unless the Insured is legally incapable of doing so.

12. Nowhere within the Group Policy nor Certificate is there a provision notifying the insured that the policy may not be terminated by Reliance before the first anniversary date of the effective date of coverage.
13. On pages 5 and 6 of the Group Policy and Certificate under the section titled Individual Termination Dates and the bracketed subsection titled Child/Dependent, the forms state:

Coverage will continue for any child who reaches the age limit and is both:

- a) totally incapable of self-sustaining employment due to a physical or mental handicap; and
- b) chiefly dependent on the Insured for financial support and maintenance.

## CONCLUSIONS OF LAW

14. The Director shall approve only those policy forms that are in compliance with Missouri insurance laws, and “which contain such words, phraseology, conditions, and provisions which are specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured,” pursuant to §376.405.
15. The Director may disapprove a form filed with the Department, and in doing so must state the reasons for the disapproval in writing, pursuant to §376.405.

### Reliance’s Filing Does Not Substantively Provide All Provisions Required In All Group Policies Under Section 376.426

16. Section 376.426 states in relevant part:

*No policy of group health insurance* shall be delivered in this state unless it contains in substance the following provisions, or provisions which ... are more favorable...:

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*(1) A provision that the policyholder is entitled to a grace period of thirty-one days for the payment of any premium due except the first, during which grace period the policy shall continue in force*, unless the policyholder shall have given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period;

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*(10) A provision that in the case of claim for loss of time for disability, written proof of such loss must be furnished to the insurer within ninety days after the commencement of the period for which the insurer is liable, and that subsequent written proofs of the continuance of such disability must be furnished to the insurer at such intervals as the insurer may reasonably require, and that in the case of claim for any other loss, written proof of such loss must be furnished to the insurer within ninety days after the date of such loss. Failure to furnish such proof within such time shall not invalidate nor reduce any claim if it was not reasonably possible to furnish such proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity of the claimant, later than one year from the time proof is otherwise required;*

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(15) *A provision specifying the conditions under which the policy may be terminated.* Such provision shall state that except for nonpayment of the required premium or the failure to meet continued underwriting standards, *the insurer may not terminate the policy prior to the first anniversary date of the effective date of the policy as specified therein*, and a notice of any intention to terminate the policy by the insurer must be given to the policyholder at least thirty-one days prior to the effective date of the termination. Any termination by the insurer shall be without prejudice to any expenses originating prior to the effective date of termination. An expense will be considered incurred on the date the medical care or supply is received;

(16) *A provision stating that if a policy provides that coverage of a dependent child terminates upon attainment of the limiting age for dependent children specified in the policy, such policy, so long as it remains in force, shall be deemed to provide that attainment of such limiting age does not operate to terminate the hospital and medical coverage of such child while the child is and continues to be both incapable of self-sustaining employment by reason of mental or physical handicap and chiefly dependent upon the certificate holder for support and maintenance.* Proof of such incapacity and dependency must be furnished to the insurer by the certificate holder at least thirty-one days after the child's attainment of the limiting age. The insurer may require at reasonable intervals during the two years following the child's attainment of the limiting age subsequent proof of the child's incapacity and dependency. After such two-year period, the insurer may require subsequent proof not more than once each year...[.]

(Emphasis added.)

17. Neither Reliance's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the subsection titled Grace Period, the Group Policy and Certificate provide the statutorily required grace period but add the phrase "[i]f a subsequent premium is not paid by the end of the grace period, coverage will end as of the premium due date." Section 376.426(1) requires the policy to stay in full force during the grace period. The policy does not stay in full force because the policy ends the last date for which the premium was paid. Because the policy is not in full force and retroactively terminates, the Group Policy and Certificate do not meet the substantive requirements of §376.426(1). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.

18. Neither Reliance's Group Policy nor its Certificate is compliance with Missouri insurance laws. Under the subsection titled Proof of Loss, the Group Policy and Certificate provide that "proof must be given to us within 1 year after it is due, unless the Insured is legally incapable of doing so." Section 376.426(10) requires proof of loss be given within one year "except in the absence of legal capacity." Reliance's provision is neither substantially similar to nor more favorable than the requirements of §376.426(10) in that the reason for untimely notice need only be due to the absence of legal capacity, not whether the individual was legally incapable. As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.
19. Neither Reliance's Group Policy nor its Certificate is compliant with Missouri insurance laws. Section 376.426(15) requires a provision substantively notifying the insured that the policy may not be terminated by Reliance before the first anniversary date of the effective date of coverage. Neither the Group Policy nor the Certificate contain such a provision and, therefore, do not meet the substantive requirements of §376.426(15). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.
20. Neither Reliance's Group Policy nor its Certificate is compliant with Missouri insurance laws. Under the bracketed subsection titled Child/Dependent, the Group Policy and Certificate provide that coverage for a dependent child will not terminate while the child is both "totally incapable of self-sustaining employment due to a physical or mental handicap" and "chiefly dependent on the Insured for financial support and maintenance." If the policy offers coverage for dependents, the policy must also offer continuing coverage for a child that "is and continues to be both incapable of self-sustaining employment by reason of mental or physical handicap and chiefly dependent upon the certificate holder for support and maintenance," as required by §376.426(16). Because the Group Policy and Certificate add the requirements that the support and maintenance be "financial" and that the incapability of self-sustaining employment be "total," the language is not substantially similar to nor more favorable than §376.426(16). As such, the Group Policy and Certificate do not comply with the laws of this state as required by §376.405.
21. After review and consideration of the forms included in the Reliance Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
22. While there may be additional reasons as to why the forms do not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the forms.

23. Each reason stated herein for disapproval of the forms is a separate and sufficient cause to disapprove such forms.
24. Reliance's Group Policy and Certificate do not comply with Missouri law. As such, said forms are not in the public interest.
25. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that forms LRS-9499-0913 (A) (MO) and LRS-9500-0913 (A) (MO) are hereby **DISAPPROVED**. Reliance Standard Life Insurance Company is hereby prohibited from delivering or issuing for delivery any policies of group health insurance utilizing said forms.

**SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS** 31 day of October, 2014.



  
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**JAMES R. MCADAMS**  
**DEPUTY DIRECTOR**

**NOTICE**

**TO: Reliance Standard Life Insurance Company and any unnamed persons aggrieved by this Order:**

You may request a hearing on the disapproval of this form. You may do so by filing a pleading with the Director of the Department of Insurance, Financial Institutions and Professional Registration, P.O. Box 690, Jefferson City, MO 65102, within 30 days after the mailing of this notice pursuant to 20 CSR 800-1.030.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 3<sup>rd</sup> day of October, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Lawrence E. Daurelle  
President  
Reliance Standard Life Insurance Company  
2001 Market Street, Suite 1500  
Philadelphia, PA 19103

Jeff Sheats  
EXL, LLC  
6625 Lyndale Ave.  
South Richfield, MN 55423

  
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